

Hearing Date and Time: May 9, 2006 at 10:00 a.m.  
Objection Deadline: April 21, 2006 at 4:00 p.m.

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM LLP  
333 West Wacker Drive, Suite 2100  
Chicago, Illinois 60606  
(312) 407-0700  
John Wm. Butler, Jr. (JB 4711)  
John K. Lyons (JL 4951)  
Ron E. Meisler (RM 3026)

O'MELVENY & MYERS LLP  
1625 Eye Street, NW  
Washington, DC 20006  
(202) 383-5300  
Robert A. Siegel (RS 0922)  
Tom A. Jerman  
Rachel S. Janger  
Jessica Kastin (JK 2288)

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM LLP  
Four Times Square  
New York, New York 10036  
(212) 735-3000  
Kayalyn A. Marafioti (KM 9632)  
Thomas J. Matz (TM 5986)

GROOM LAW GROUP, CHTD  
1701 Pennsylvania Avenue, NW  
Washington, DC 20006  
(202) 857-0620  
Lonie A. Hassel

Attorneys for Delphi Corporation, et al.,  
Debtor and Debtors-in-Possession

Delphi Legal Information Hotline:  
Toll Free: (800) 718-5305  
International: (248) 813-2698

Delphi Legal Information Website:  
<http://www.delphidocket.com>

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----	x	
	:	
In re	:	Chapter 11
	:	
DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481 (RDD)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----	x	

DECLARATION OF STEVEN GEBBIA  
IN SUPPORT OF DELPHI'S MOTION FOR AUTHORITY TO REJECT  
COLLECTIVE BARGAINING AGREEMENTS UNDER 11 U.S.C. § 1113(c) AND  
MODIFY RETIREE WELFARE BENEFITS UNDER 11 U.S.C. § 1114(g)

I, Steven Gebbia, declare and state as follows:

1. I am employed by Delphi Corporation ("Delphi") as Executive Director, Benefits & Policy. I joined Delphi in 1998 as Executive Director, Employee Benefits. Prior to joining Delphi, I was employed by General Motors Corporation ("GM") as Director, Life & Disability Benefits.

2. In my current position with Delphi, I am responsible for directing all activities regarding Delphi's employee benefit plans and programs and Delphi's U.S. salaried policies, procedures, practices, and administration guidelines.

3. I submit this declaration in support of Delphi's Motion For Authority to Reject Collective Bargaining Agreements Under 11 U.S.C. § 1113(c) And Modify Retiree Benefits Under 11 U.S.C. § 1114(g) (the "Motion"). Any capitalized terms not expressly defined herein are intended to have the meanings ascribed to them in the Motion or accompanying memorandum of law, and references to Delphi herein include the Debtors, as appropriate. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, my opinion, my experience with and knowledge of Delphi's employee benefit programs, or are based upon knowledge obtained from employees of Delphi reporting to me that are derived in the course of their duties. If I were called on to testify, I could and would testify to the facts set forth herein.

I. Employee Benefits Under Delphi's Existing Labor Agreements

4. Delphi's traditional Union-represented employees enjoy generous benefits under Delphi's existing labor agreements. These benefits include health care, dental, vision, and prescription drug coverage; life insurance; sickness, accident and extended disability benefits; lay-off benefits; profit sharing; and pension and other post-employment benefits ("OPEB"). In

most cases, these benefits apply to traditional hourly employees, and are not necessarily available to hourly employees governed by supplemental new-hire agreements.

A. Health Care, Dental, Vision, And Prescription Drug Coverage

5. Delphi's traditional hourly employees are entitled to health care, dental care, vision care, and prescription drug coverage for employees and their eligible dependents, without monthly employee contribution. With respect to health care, these employees also have a variety of coverage options, and depending on the plan selected, there are either no, or minimal, out-of-pocket expenses or co-pays. The cost to Delphi of providing this coverage to hourly active employees during 2005 was approximately \$11,273 per employee which equates to approximately \$32 million per month or \$384 million per year.

6. Traditional employees may be offered the option of choosing among three benefit plans: a Traditional Care Network ("TCN"), a Preferred Provider Organization ("PPO"), or a Health Maintenance Organization ("HMO"). True and correct copies of the cited portions of the Supplemental Agreements Covering Health Care Program of the UAW, IUE-CWA, USW, and the Splinter Union are attached hereto as Exhibits A through D, respectively. These options are described in Exhibits A and B at pages 25-29, Exhibit C at pages 31-39A, and Exhibit D at pages 17-20.

7. Employees who elect the TCN have out-of-pocket expenses that are limited to \$250 for an individual or \$500 for a family for out-of-network care (in-network care is generally provided without cost to the employee), as referenced in Exhibit A at pages 286-87, Exhibit B at pages 283-84, Exhibit C at pages 8 and Exhibit D at pages 172. Under the PPO option, annual out-of-pocket expenses are limited to \$1,000 for an individual or \$2,000 for a family for out-of-network care (in-network care is generally provided without cost to the employee), as described in Exhibits A and B at pages 26-27; Exhibit C at pages 31-35; and Exhibit D at page 18. HMO-

covered employees pay only a \$10 co-pay per office visit. All employees, regardless of their elected plan, receive prescription drug coverage, with employee co-pays of \$5 or \$10 per prescription for generic or brand drugs, respectively, as outlined in Exhibits A and B at pages 123-25, Exhibit C at page 242-43 and Exhibit D at pages 95-96.

8. Delphi's health care benefits extend to employees' dependents, including, but not limited to, spouses and children. The plan covers all employees in "active service," as well as employees on excused absences or vacation. These provisions are described in Exhibits A at pages 43-53 and 55; Exhibit B at pages 43-53 and 56; Exhibit C at pages 71-91C; and Exhibit D at pages 32-40 and 42. That plan also covers employees on approved disability leave and employees who are on Protected Employee status ("JOBS Bank"). Thus, this coverage continues, for both the employee and his or her dependents, even if the employee is on approved disability leave of absence or temporary lay-off.

9. For traditional hourly employees, dental benefits are provided up to an annual maximum of \$1,700 per person, excluding orthodontics. Orthodontics benefits have a lifetime cap of \$2,000 for any individual who is treated prior to age 19. Benefits do not apply to treatment begun after the covered individual reaches 19 years of age. Employees have additional coverage for dental injuries caused by outside trauma that does not count toward annual or lifetime maximums. Dental benefits are described in Exhibit A at pages 180-81; and Exhibit B at pages 181-82; Exhibit C at page 347-56; and Exhibit D at pages 140-43.

10. Traditional hourly employees receive vision benefits for eye exams, prescription glasses as needed, and an ophthalmologic exam upon referral of an optometrist. These benefits are described in Exhibits A and B at pages 191-92; Exhibit C at pages 377-80; and Exhibit D at 149-54.

11. Under supplemental new-hire agreements, new-hires are provided with a reduced level of health care, dental, vision, and prescription drug coverage. Generally, the reduced benefits under these plans incorporate modest cost sharing features such as deductibles and co-pays. For example, the IUE-CWA Medical Value Plan has an in-network deductible of \$175 for an individual and \$350 for a family, a 20 percent co-payment requirement, and an annual out-of-pocket maximum of \$1,000 for an individual and \$2,000 for a family. Additionally, modified HMO plans have been negotiated that include higher co-pays for office visits and prescription drugs. The UAW and the USW have agreed to similar health care plans that incorporate such modest cost-sharing features.

12. Even under the new-hire plans, an employee and his or her dependents remain eligible for coverage when the employee's active full-time work ceases due to disability, leave of absence, or layoff, with benefits for certain employees on layoff extending for up to 25 months depending on length of service.

13. Given Delphi's inability to employ many new-hires since the implementation of supplemental new-hire agreements, however, the vast majority of Delphi's UAW, IUE-CWA, and USW employees are traditional employees. Accordingly, Delphi has not been able to take advantage of the increased cost sharing features under the new-hire plans to reduce hourly health care costs.

B. Legal Services Plan

14. Under Delphi's UAW and IUE-CWA labor agreements, Delphi must fund Legal Services Plans that provide certain legal services to eligible union-represented retirees and employees, including their spouses, surviving spouses, domestic partners, or certain children. The various legal services that are covered include, but are not limited to, veterans benefits claims, moving violations, misdemeanors, divorces, wills, insurance claims, and real estate

closings. Through the end of 2004, Delphi had almost \$8 million in accrued liabilities and for 2005 approximately \$4 million in additional accruals. True and correct copies of cited portions of the Supplemental Agreement Covering the Legal Services Plans for the UAW, and IUE-CWA, are attached hereto as Exhibits E and F, respectively.

C. Life Insurance

15. Delphi currently provides traditional unionized employees with Company-paid life insurance equal to 110 percent of the employee's annual base wage, a range of \$40,500 to \$82,000 depending on position, and supplemental extra accident insurance equal to 50 percent of the basic benefit in the case of accidental death. True and correct copies of cited portions of the Supplemental Agreements Covering Life and Disability Benefits Program for the UAW, IUE-CWA, USW, and the Splinter Unions as Exhibits G, H, I, and J, respectively.

16. The annual cost to Delphi of providing this coverage was \$5.1 million for 2004 and \$4.8 million for 2005 for active hourly employees.

17. Basic Life and related insurance coverage may continue while an employee is temporarily laid off. For the first month of any layoff, Delphi continues to pay for Basic Life, Extra Accident, and Survivor Income Benefit Insurance in full. After that, Delphi continues to pay for the insurance for up to 24 months depending on seniority, if the employee is on a qualified layoff as described in Exhibits G and H at pages 72-74 and 73-75, respectively and Exhibit I at pages 125-29 and Exhibit J at page 51-52, respectively. Basic Life, Extra Accident, and Survivor Income Benefit Insurance (as well as the Sickness and Accident and Extended Disability Benefit coverage described below) are also continued for any period during which an employee is totally disabled on an approved disability leave of absence, described in Exhibits G at 76-79 and H at pages 77-80, Exhibit I at pages 125-30, and Exhibit J at pages 53-54.

18. For employees hired under supplemental new-hire agreements with the UAW, IUE-CWA and USW, Delphi provides Basic Life insurance which is, generally, proportionate to such employees' wages. As with the traditional employee plans, Basic Life and related insurance coverage may continue even when an employee has been laid off and for any period during which an employee is totally disabled and on an approved disability leave of absence. Further, all hourly employees may also purchase, at their own expense, additional optional coverage in various amounts up to \$200,000.

D. OPEB

19. Delphi's labor agreements provide retirees with Other Post-Employment Benefits consisting of (a) health care, for themselves and their dependents, at the same scope and level as active employees, and (b) fully-paid life and accident insurance identical to that provided to active employees until the retiree reaches age 65. After age 65, basic life insurance amounts are reduced by a small percentage each month until the employee reaches an ultimate amount payable based on the retiree's credited service. These provisions are described in Exhibit A at pages 38-39; Exhibit B at pages 39-40; Exhibit C at pages 59-60; Exhibit D at page 28; Exhibit G at pages 13-15, 71; Exhibit H at 13-15, 72 Exhibit I at 20-25, 124 and Exhibit J at page 9. These benefits are available at any time the employee retires under the HRP (as defined below) if the employee has ten or more years of credited service, even if the employee has taken early retirement. These provisions are generally discussed in Exhibits G and H at pages 79-81 and 80-82, respectively and Exhibit J at page 56-57. For example, under the "30 and out" provisions of the HRP, an employee who began work at age 18 can retire at age 48 with full pension benefits, health care, and life insurance coverage. Delphi also provides a retiree's surviving spouse with the same health care benefits until his or her death, remarriage, or age 65, depending on eligibility as described in Exhibits A and B at pages 39-43, Exhibit C at pages 61-70 and Exhibit

D at page 29.

20. New-hire employees are eligible for either reduced or no OPEB. The vast majority of Delphi's employees are, however, "traditional" employees and receive costly benefits commensurate with their seniority.

E. Pension Benefits

21. Delphi's labor agreements require it to maintain the Hourly-Rate Employees Pension Plan ("HRP"), a tax-qualified defined benefit pension plan covering all of Delphi's traditional union-represented employees. The HRP provides a basic retirement benefit to all covered hourly employees who have worked for at least ten years and retire at age 62. A true and correct copy of cited portions the Supplemental Agreements covering Pension Plan for the UAW, IUE-CWA, USW and the Splinter Unions are attached hereto as Exhibits K through N. Eligibility for pension benefits is generally described in Exhibits K and L at pages 4-6, Exhibit M at page 33-41, and Exhibit N at pages 2-3. The monthly benefit is calculated by multiplying the employee's months of service by a set dollar amount based on the employee's job classification.

22. There are four categories, "A," "B," "C," and "D," which apply to different job classifications, which currently range from \$49.85 to \$50.60 as described in Exhibits K and L at page 6, Exhibit M at 62, and Exhibit N at pages 3-4. For a category D employee with 30 years of service, this would translate into a monthly benefit of \$1,518 upon retirement at age 62, and an actuarially reduced amount for earlier retirement as described in Exhibits K at page 7, Exhibit L at page 6, Exhibit M at page 38 and Exhibit N at page 4.

23. A significant cost of the HRP, however, lies in a number of "early retirement supplements" that allow employees to retire prior to age 62 and increase the retirement benefit far beyond the basic benefit. The most significant of these is commonly called "30 and out,"



meaning that an employee can retire after 30 years of credited service regardless of age.

Approximately 75 percent of Delphi's hourly employees who retire do so under this provision at an average age of 55. This supplement currently provides the retiree with the difference between the basic monthly benefit, described above, and \$2,950, from the date of retirement until the retiree is eligible for 80 percent of his or her unreduced Social Security benefit and at that point, the supplement is eliminated. The employee then becomes entitled to the full basic retirement benefit of \$1,518 under the plan, without any actuarial reduction (even though the employee took early retirement). In the hypothetical example described above (an employee with 30 years of service in benefit category D), the unreduced retirement benefit would be \$1,518 per month. When combined with Social Security, this would provide a total retirement benefit of between \$2,928 and \$3,067 per month. This early retirement supplement is described in Exhibits K and L at pages 15-19, Exhibit M at pages 52-57 and Exhibit N at pages 10-12 and 85-86.

24. Pension benefits have increased substantially since the Spin-Off. The 1999 and 2003 agreements, collectively, provided a 29.1 percent increase in the basic benefit, and a 31.6 percent increase in the "30 and out" supplement (including a 10.6 percent increase in the 2003 negotiations).

25. Injury And Retirement Benefits. For some retirees, Delphi's obligations are further compounded by collective bargaining agreement provisions that allow for receipt of both pension and workers' compensation benefits. In Michigan, where 27 percent of Delphi's employees work, the state workers' compensation statute allows an employer to set off any workers' compensation benefits against the employee's Total and Permanent Disability retirement benefits. Under Delphi's UAW agreements, however, employees are allowed to collect both workers' compensation and full Total and Permanent Disability retirement benefits

until age 65 as described in Exhibit K at page 133. This agreement allows Delphi's employees to file a workers' compensation claim following retirement for injuries allegedly incurred (but not necessarily reported) prior to retirement, and has frequently been used by Delphi's employees to collect full payment of both benefits. The cost to Delphi of the provision is \$19 million per year.

26. Under some of the supplemental new-hire agreements, employees who are not covered under the HRP may participate in a defined contribution retirement plan. For example, under the defined contribution plan in the IUE-CWA agreements, Delphi contributes seven percent plus one percent for health care and life insurance for a total of eight percent of base hourly rate on all compensated hours into a Personal Savings Plan. Employees must be in the plan a minimum of three years before the benefits are vested. Newly hired UAW employees participate in a cash balance plan. The personal savings plan of the UAW and IUE-CWA are attached as Exhibits O and P.

27. Personal Savings Plan. All Delphi hourly employees, including employees hired under supplemental new-hire agreements who are not covered under the HRP, may participate in a Personal Savings Plan, a 401(k), by which employees may save through payroll deductions or investment of profit-sharing plan payments. For example, under the defined contribution plan in the IUE-CWA agreements, Delphi contributes seven percent plus one percent for health care and life insurance for a total of eight percent of base hourly rate on all compensated hours into a Personal Savings Plan. Employees must be in the plan a minimum of three years before the benefits are vested. Newly hired UAW employees participate in a cash balance plan and are eligible for a 30 percent match on the first 7 percent of eligible weekly earnings contributions into the Personal Savings Plan. True and correct copies of portions of the Supplemental

Agreements Covering the Personal Savings Plan for the UAW, IUE-CWA, USW, and Splinter Unions are attached hereto as Exhibits O, P, Q and R, respectively.

F. Profit Sharing Plan

28. Delphi's UAW and IUE-CWA agreements also require Delphi to allocate, on a sliding scale, U.S. profits to a Profit Sharing Plan, depending on the proportion of U.S. profits to sales – the greater the profit as a percentage of sales, the larger the portion of profits to be allocated among all U.S. salaried and hourly employees. The hourly employees' profit sharing is distributed based upon each Participant's Compensated Hours for the Plan Year to a maximum of 1,850 hours in proportion to the total Compensated Hours for all Participants who are entitled to a distribution in that Plan Year. True and correct copies of cited portions of the Supplemental Agreements covering the Delphi Profit Sharing Plan, UAW, IUE-CWA, USW and Splinter Union are attached as Exhibits S, T, U, and V. These provisions are described in Exhibit S and T at pages 4 – 11, Exhibit U at pages 3 -5, and Exhibit V at pages 2-7.

G. Sickness, Accident, And Extended Disability Benefits

29. Delphi does not have a sick-leave program under which employees have a limited number of sick days available each year. Rather, if a traditional employee provides certification that he or she is unable to work due to sickness or accident, the employee is immediately, or after a seven-day waiting period in certain instances, entitled to payments at approximately 60 percent of his or her base wage for up to 52 weeks. Employees also continue to be covered for company-paid health care and Basic Life and Extra Accident insurances while on approved disability leave. Sickness, Accident, And Extended Disability Benefits are generally outlined in Exhibit G pages 20-32 and page 19 (schedule of benefits) and Exhibit H page 21-33, Exhibit I at pages 34-43, and Exhibit J at pages 16-28.

30. If the employee is unable to return to any job at Delphi after one year, he or she is

then entitled to receive Extended Disability Benefits ("EDB") of approximately 50 percent of annual base wages for employees with fewer than ten years of service, and approximately 55 percent of annual base wages for employees with ten or more years of service. For example, employees represented by the UAW currently receive between \$1,525 and \$ 3,070 per month (\$1,680 to \$3,380 if the employee has more than 10 years of participation on the last day worked prior to a continuous period of disability) before retirement. These programs are generally described in Exhibits G and H at pages 26-32 and 27-33 respectively, Exhibit I at pages 46-59 and Exhibit J at pages 20-28 and the schedule of benefits is provided at pages 19, 20, 33-33A and 14, respectively.

31. For employees with fewer than ten years of service, these payments continue for the duration of the disability up to the length of the employee's service with Delphi. For employees with ten or more years of service, these payments continue for the duration of the disability until the employee recovers, dies, or reaches age 65. Employees also continue to be covered for Company-paid health care and Basic Life and Extra Accident insurance while on an approved disability leave of absence. The cash outflow associated with Delphi providing this program is \$4.09 million per month, or \$49.1 million per year.

32. Employees governed by a supplemental new-hire agreement, like traditional employees, also qualify for S&A and EDB on the same terms as traditional employees. Weekly S&A benefits range from \$155-\$450 payable for up to one year based on the employee's hourly wage. Employees unable to return to work after a year receive EDB at a monthly rate ranging from \$555-\$1,620 for employees with fewer than 10 years of continuous service at the time the leave began (which, at present, includes all employees covered by such agreements). Benefit coverages continue for the period of total disability on an approved disability leave of absence.

H. Supplemental Unemployment Benefits

33. While on temporary layoff under the provisions described above, both UAW and IUE-CWA represented traditional eligible employees are entitled to supplemental payments under Delphi's Supplemental Unemployment Benefit ("SUB") program. True and correct copies of cited portions Supplemental Agreements covering the Supplemental Unemployment Benefit Plans of the UAW and IUE -CWA are attached hereto as Exhibits W and Exhibit X, respectively. Under the SUB program, temporarily laid-off employees receive (a) a supplement to their state unemployment benefits so that the two payments equal 95 percent of their weekly after-tax pay less a modest allowance (\$30.00 under the UAW and IUE-CWA national agreements) for work-related expenses the employees do not incur while on layoff, and (b) continued health care and life insurance benefits, as described in Exhibits W and X at pages 12-13. Once state unemployment benefits end, Delphi is solely responsible for payment of the full combined amount of the benefit. In December 2005 alone, 2,956 UAW and IUE-CWA represented Delphi employees received a SUB benefit.

34. If not laid off due to volume-related declines, the employee may continue on SUB until the expiration of the current collective bargaining agreement. Employees laid off due to volume-related declines receive the benefits for a number of weeks as set in their collective bargaining agreements, after which they are returned to work or, if work is still not available, placed on Protected Status, i.e., the JOBS Bank program. Under the UAW agreements, SUB benefits are available for a maximum of 48 weeks while under the IUE-CWA agreements SUB benefits are available for a maximum of 90 weeks; this provision is outlined in Exhibit W and X at pages 20-21 and in Exhibit A to the Declaration of Bernard Quick at page 138.

35. In addition, under the SUB program, certain employees on layoff for more than 12 months or who become disabled are entitled to a lump sum separation payment ranging from

50 to 2,080 hours (i.e., 52 weeks) of pay, depending on their seniority, as described in Exhibits W and X at pages 21-25.

36. Guaranteed Income Stream Benefit. Under Delphi's Guaranteed Income Stream Benefit ("GIS") program, applicable to traditional hourly employees, employees on indefinite lay-off on or after September 28, 1999, with 10 or more years of seniority, are eligible to receive a weekly GIS benefit of no less than 50 percent of the employees' weekly earnings. Benefits are offset by a participant's other income or payments, and are available only after other types of layoff benefits have been exhausted. Accordingly, employees who receive SUB or JOBS Bank benefits do not receive GIS benefits. In circumstances where SUB or JOBS Bank benefits are unavailable or have been exhausted, however, the GIS would provide pay, as well as GIS health and life insurance benefits, for affected employees. True and correct copies of cited portions of the Supplemental Agreement covering Guaranteed Income Stream Benefit Program for the UAW, IUE-CWA, USW and Splinter Agreement are attached hereto as Exhibits Y, Z, AA, and BB, respectively. The GIS benefits are described in Exhibits Y and Z at pages 10-13, Exhibit AA at pages 16-22 and Exhibit BB at pages 2-4 and 6-9. Currently, Delphi has no employees receiving GIS benefits because more recent provisions of the Delphi agreements provide for other layoff benefits and restrict it from permanently laying off covered employees.

37. Income Security Plan. The USW, IAM, IUOE, and IBEW labor agreements all provide for an Income Security Plan ("ISP") in lieu of SUB and GIS benefits, which supplements state unemployment compensation in the event of a layoff. True and correct copies of cited portions of the Supplemental Agreement covering the Delphi Income Security Plan for Hourly-Rate Employees for the USW and the Splinter Unions are attached hereto as Exhibits CC and DD respectively. Under the ISP, Delphi contributes a set amount (determined by Local

Agreements) into an individual account for an employee for each hour the employee works. The amounts are immediately vested, and can be withdrawn in weekly amounts if the employee is laid off, subject to certain eligibility requirements. For a full week of layoff, an employee can withdraw up to 80 percent of 40 times base hourly rates plus COLA, with a set-off for state unemployment benefits, Delphi wages, and certain other employment earnings received during the applicable period. Withdrawals are taxable and are subject to early distribution penalties as well. If an employee terminates employment for any reason, upon the employee's request, the funds in his or her ISP account will be paid out to the employee at that time. Delphi's contributions to the ISPs are described in Exhibit CC at page 4-7 and Exhibit DD at pages 2-4; eligibility requirements are described in Exhibit CC at page 3 and Exhibit DD at pages 2; the weekly withdrawal amount is described on Exhibit CC at pages 12-15 and Exhibit DD at pages 7-8.

38. For many new-hire employees, the ISP is made available in lieu of SUB and GIS benefits.

## II. Proposed Modifications To Existing Hourly Benefits

39. As described below, Delphi proposes certain modifications to its existing hourly employee and retiree benefits necessary for its successful reorganization. As noted below, some of these modifications are contingent upon GM financial support sufficient to fund the cost of the modification. Delphi's benefit proposals are contained in the GM Consensual Proposals filed as Exhibit F to the declaration of Kevin M. Butler.

### A. Health Care, Dental, Vision, And Prescription Drug Coverage

40. Delphi seeks to provide an industry-standard employee cost-sharing program with monthly employee contributions and increased out-of-pocket maximums, co-payments, and deductibles. Specifically, the dependent eligibility, scope and level of benefits, coordination of

benefits, utilization management, and general administrative provisions will be substantially the same as the current indemnity plans provided to salaried enrollees. The monthly contributions would be based on the cost of the health care plan and certain other factors which would include, but not be limited to, the number of people covered, and the status of the primary enrollee.

41. While the Competitive Benchmark Proposals included elimination of the dental plan, the GM Consensual Proposals include, contingent upon sufficient GM support, a dental plan with monthly employee contributions of \$5.00 to \$15.00 depending on the number of an employee's dependants.

42. Delphi also proposes to eliminate vision coverage from the plans, and would cap the length of continuation of company-paid health care coverage at seven months following the month the employee was last in active service.

43. Medical cost sharing and prescription drug cost sharing would be adjusted annually to account for any increase in the cost of providing health care. In the Competitive Benchmark Proposals, Delphi decreased its proposed employee medical cost sharing and monthly contribution levels, and retained that reduced level of employee contributions in its GM Consensual Proposals, as outlined in the charts below:

1. Medical Cost Sharing

	<b>In-Network</b>
	<u>Competitive Benchmark And GM Consensual Proposals</u>
Deductibles	\$450 Individual/ \$900 Family
Co-payments	20% Employee/ 80% Plan
Out of Pocket Max	\$1,500 Individual/ \$ 3,000 Family

	<b>Out-of-Network</b>
	<u>Competitive Benchmark And GM Consensual Proposals</u>
Deductibles	\$450 Individual/ \$900 Family



Co-payments	40% Employee/ 60% Plan
Out of Pocket Max	None

2. Prescription Drug Cost Sharing

	<u>Generic</u>	<u>Formulary Brand</u>	<u>Non-Formulary Brand</u>
Retail Brand (up to 30 day supply)	\$10	\$20	\$40
Mail Brand (90 day supply)	\$20	\$45	\$90
Out of Network cost sharing is higher			

3. Monthly Contributions For Medical/Prescription Drug Coverage

	<u>Competitive Benchmark And GM Consensual Proposals</u>
Employee	\$65
Employee + Spouse	\$130
Employee + Child(ren)	\$125
Employee + Family	\$180

B. Legal Services Plan

Delphi proposes eliminating the Legal Services Plan.

C. Life Insurance

44. Delphi seeks to modify its life insurance program by reducing the amount of company-paid life insurance to an industry-competitive level of \$30,000, and by limiting continuation of life insurance to a maximum of six months following the month the employee was last in active service. Delphi also proposes to eliminate all company-paid Extra Accident Insurance and Survivor Income Benefit Insurance.

D. OPEB

45. Delphi proposes to eliminate any obligation on the part of Delphi to provide health care and employer-paid life insurance coverage during retirement. Under Delphi's proposals, active hourly employees would also no longer receive Basic Life Insurance, Survivor Income Benefit Insurance, and Extra Accident Insurance during retirement from Delphi, though hourly retirees might be eligible for certain GM benefit guarantees and would have the option of

continuing any employee-paid coverages for which they were enrolled at the point of retirement. Delphi would implement its elimination of these OPEB benefits effective July 1, 2006.

46. Although Delphi believes that it has preserved the right to unilaterally modify post-retirement health care, life insurance, and pension benefits for its current and future hourly retirees, any exercise of this right – particularly with regard to Union-represented retirees – would undoubtedly produce protracted litigation. Out of an abundance of caution, Delphi therefore seeks to modify the OPEB benefits for hourly retirees only under Section 1114.

47. Retiree Medical Account. Delphi proposes to establish a new Retiree Medical Account for all employees who are currently eligible for retiree health care but who are not eligible to retire under the HRP within seven years of the date on which the HRP is frozen, with a beginning balance based on their years of credited service as of the month prior to the freezing of the HRP. Delphi proposes to continue the existing Retiree Medical Account for employees hired under the UAW-Delphi Supplemental Agreement. Delphi's ability to provide this benefit is contingent upon sufficient GM financial support.

E. Pension Benefits

48. Delphi proposes freezing the existing HRP, including the Individual Retirement Plan, effective October 1, 2006. Contingent upon sufficient GM financial support, Delphi proposes that new-hire employees be eligible for a defined contribution plan, with Delphi contributing 7.5 percent of each employee's base wages up to 40 hours per week in the UAW-represented plants and an amount to be negotiated locally in IUE-CWA and USW plants. Absent sufficient GM financial support, Delphi proposes a company contribution of three percent for new-hires only. Delphi reserves the right under either proposal, however, to seek termination of the HRP at a later date if necessary to achieve a viable restructuring plan.

49. Injury And Retirement Benefits. Delphi has also proposed to eliminate provisions

under which Delphi is obligated to pay certain Michigan retirees full Total and Permanent Disability retirement benefits until age 65 while such retirees are also receiving full workers' compensation benefits.

50. Personal Savings Plan. Delphi proposes to modify the Personal Savings Plan by implementing a new provision applicable to all employees hired on or after the effective date of the modifications to the collective bargaining agreements and to all employees who are covered by the HRP but are not eligible to retire under provisions of the HRP within seven years of the date that the HRP is frozen. For such employees, Delphi would provide a base contribution and a match of approximately 7.5 percent of an employee's eligible weekly pay in the UAW-represented plants and an amount to be negotiated locally in IUE-CWA and USW plants.

F. Profit Sharing Plan

51. In the event that Delphi's U.S. operations exceed Delphi's current financial forecasts, the Section 1113 proposals provide that the hourly employees would benefit from that success in the form of employee profit sharing. The proposals therefore include a provision retaining the current Profit Sharing Plan while limiting any future calculation of profit sharing amounts to U.S. Operations, as defined in those plans, and excluding the effects of adjustments from restructuring.

G. Sickness, Accident, And Extended Disability Benefits

52. Delphi proposes to reduce Sickness and Accident Benefits and Extended Disability Benefits ("EDB") for current recipients proportionate to the proposed wage rates. Delphi further proposes to limit S&A to a maximum of 26 weeks of disability for future recipients. Delphi will also make available, on an employee self-pay basis, EDB for a maximum of 36 months a disability after exhaustion of S&A.

H. Buyout

53. Contingent upon sufficient GM financial support, Delphi proposes a severance payment of \$140,000 for employees with 10 or more years of seniority who are no longer required and have no prospect of recall in the foreseeable future. The payment for traditional employees with fewer than 10 years of seniority would be \$70,000. Delphi's severance pay plan proposal is contingent upon GM financial support sufficient to allow Delphi to fund the plan.

I. Supplemental Unemployment Benefits

54. Delphi proposes to eliminate SUB benefits. While the Competitive Benchmark Proposals included a proposal to eliminate all supplemental unemployment benefits, in the GM Consensual Proposals, Delphi proposed to discuss a potential supplemental layoff payment during the transformation period.

55. Guaranteed Income Stream Benefit. Delphi proposes to eliminate the GIS benefit, which, although dormant now, would entail significant costs to Delphi should the SUB program be eliminated.

56. Income Security Plan. Delphi seeks to close the existing ISP to new participants and eliminate future employer contributions to the Plan.

III. Salaried Personnel Has Already Taken Its Fair Share Of Sacrifice

57. Prior to the Spin-Off, GM began to reduce the benefit packages of its salaried and management employees without corresponding reductions for its hourly employees. These reductions included (a) the introduction of employee contributions, deductibles, and co-pays under the health care plan in 1993; (b) the elimination of retiree health care for employees hired after 1993; (c) the elimination of the "30 and out" retirement option for salaried and management employees hired after 1988; (d) elimination of COLA payment in 1984; (e) a reduction in sickness and accident benefits to a maximum of 26 weeks for employees hired after 2000; (f) a

reduction in life insurance levels for employees hired after 2000; (g) a requirement that certain employees hired after 2001 self-pay for extended disability benefits; and (h) a requirement that pre-2001 hires must pay for coverage that extends beyond their years of service until those hires reach 10 years of service.

58. Active and retired salaried and management employees have seen benefit reductions to bring them in line with comparably-sized companies by (a) implementing employee contributions for health care so that salaried and management employees currently pay 27 percent of their health care costs; (b) reducing the company match under its 401(k) program, and then ultimately suspending the match altogether; (c) eliminating the contemplated increase in pension benefits for 2005; (d) eliminating health care for retirees eligible for Medicare; and (e) eliminating the salaried layoff benefit plan, equivalent to SUB for hourly employees, which had provided 75 percent of base salary for the first six months of a layoff, and up to 60 percent of base salary to an 18 additional months of layoff depending on length of service.

59. Based on these changes and the changes described in the declaration of Mark R. Weber, the value of the compensation and benefit package for salaried and management employees has decreased by more than 15 percent since the Spin-Off. Taking into account wage and benefit reductions implemented by GM before the Spin-Off, the value of the wage and benefit package for salaried and management employees hired prior to 1988 has fallen 30 percent since then, and the value of the wage and benefit package for employees hired after 1988 has fallen 43 percent for employees when compared to the value of wages and benefits in effect for employees in similar position prior to that time.

60. The chart below demonstrates the differences between the current compensation and benefits available to traditional hourly employees, and to salaried and management employees.

	<u>Hourly Employees</u>	<u>Salaried &amp; Management Employees</u>
Health Care	<ul style="list-style-type: none"> <li>No monthly contributions for traditional employees</li> </ul>	<ul style="list-style-type: none"> <li>Monthly contributions required since 1993</li> </ul>
Sickness & Accident	<ul style="list-style-type: none"> <li>Paid at 60 percent of base wage for 52 weeks</li> </ul>	<ul style="list-style-type: none"> <li>Reduced to 26 weeks for employees hired after 2000</li> </ul>
Extended Disability Benefits	<ul style="list-style-type: none"> <li>Employees with ten years of service get 55 percent of base wage until retirement</li> </ul>	<ul style="list-style-type: none"> <li>Self-pay for employees hired after 2000</li> </ul>
Life Insurance	<ul style="list-style-type: none"> <li>Company-paid life insurance equal to 110 percent of the employee's annual base wage</li> </ul>	<ul style="list-style-type: none"> <li>Reduced employee life insurance for employees hired after 2000</li> </ul>
Layoff Benefits	<ul style="list-style-type: none"> <li>Employees receive 95 percent of base wage for 48 to 90 weeks</li> </ul>	<ul style="list-style-type: none"> <li>Layoff benefits eliminated in 2001</li> </ul>
"30 and Out" Pension Benefit	<ul style="list-style-type: none"> <li>Employees receive retirement supplement after 30 years, regardless of age</li> <li>Supplement increased by 31.6 percent since 1999</li> </ul>	<ul style="list-style-type: none"> <li>"30 and Out" supplement eliminated for salaried and management employees hired after 1988</li> </ul>
Retiree Health Care	<ul style="list-style-type: none"> <li>Company-paid health care coverage upon retirement</li> </ul>	<ul style="list-style-type: none"> <li>Retiree health care eliminated entirely for employees hired after 1993</li> <li>Post-65 coverage eliminated for all employees and retirees effective January, 2007.</li> </ul>
Retiree Life Insurance	<ul style="list-style-type: none"> <li>Company-paid life insurance coverage upon retirement</li> </ul>	<ul style="list-style-type: none"> <li>Eliminated entirely for employees hired after 1993</li> </ul>
Legal Services	<ul style="list-style-type: none"> <li>Employees receive certain free legal services</li> </ul>	<ul style="list-style-type: none"> <li>No legal services provided</li> </ul>
Dependent Tuition Assistance	<ul style="list-style-type: none"> <li>\$1500/yr per child</li> </ul>	<ul style="list-style-type: none"> <li>Eliminated in 2002</li> </ul>

I declare under penalty of perjury, and pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 31st day of March, 2006

/s/ Steven Gebbia  
STEVEN GEBBIA